

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7011

BILL NUMBER: HB 1338

DATE PREPARED: Jan 6, 1999

BILL AMENDED:

SUBJECT: Consolidated city audits.

FISCAL ANALYST: Beverly Holloway

PHONE NUMBER: 232-9851

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the State Board of Accounts to audit the City of Indianapolis.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Currently, statute allows the City of Indianapolis to hire an internal auditor, an independent certified public accountant, or both to examine the books and records of the City.

This bill would require the State Board of Accounts to audit the City of Indianapolis. The it is estimated that two individuals would need to be hired to perform these duties. The estimated cost (salaries, fringe benefits, indirect costs, and mileage) for the two individuals is \$116,353 FY 2000 and \$116,723 FY 2001. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The December 1998 manning table shows that the State Board of Accounts has 323 authorized positions of which 17 are vacant. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: IC 5-11-4-3(d) provides that each taxing unit shall be charged at the rate of \$30 per day for each filed examiner or employee of the State Board of Accounts who is engaged in making examinations. Fees are deposited in the state General Fund.

Explanation of Local Expenditures: The City of Indianapolis has a contract with an independent certified public accountant to conduct audits of the City's books and records. This bill would no longer allow the City of Indianapolis to use an independent certified public accountant and requires the City of Indianapolis to be audited by the State Board of Accounts. The City of Indianapolis would pay \$30 per day for each State Board

of Account field examiner or employee who conducts an audit of the City. The fiscal impact of this bill is indeterminable and dependent on the number of days it takes the State Board of Accounts to conduct the audit.

Explanation of Local Revenues:

State Agencies Affected: State Board of Accounts.

Local Agencies Affected: City of Indianapolis.

Information Sources: Mike Fiweck, State Board of Accounts, (317) 232-2514.